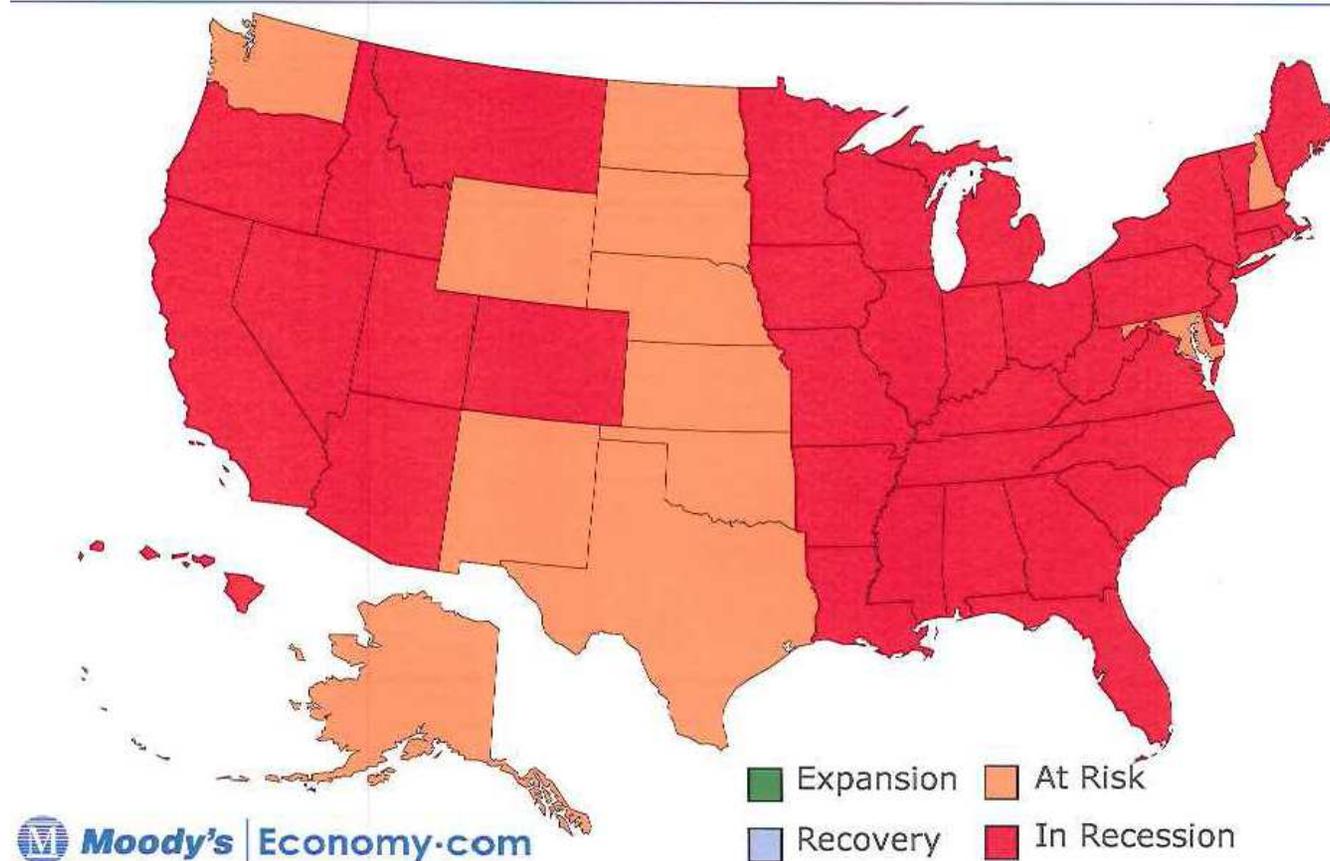

The American Recovery and Reinvestment Plan – Education, Health and Human Services

Gabrielle Giffords
U.S. Representative
February 2009



The Majority of States are in Recession



Moody's assessment is based on four key indicators used by the National Bureau of Economic Research: employment, industrial production, retail sales adjusted for inflation and income to develop a composite indicator. A state is considered to be in recession if that indicator falls for six months or longer. An area is "at risk" if it has declined for three months.

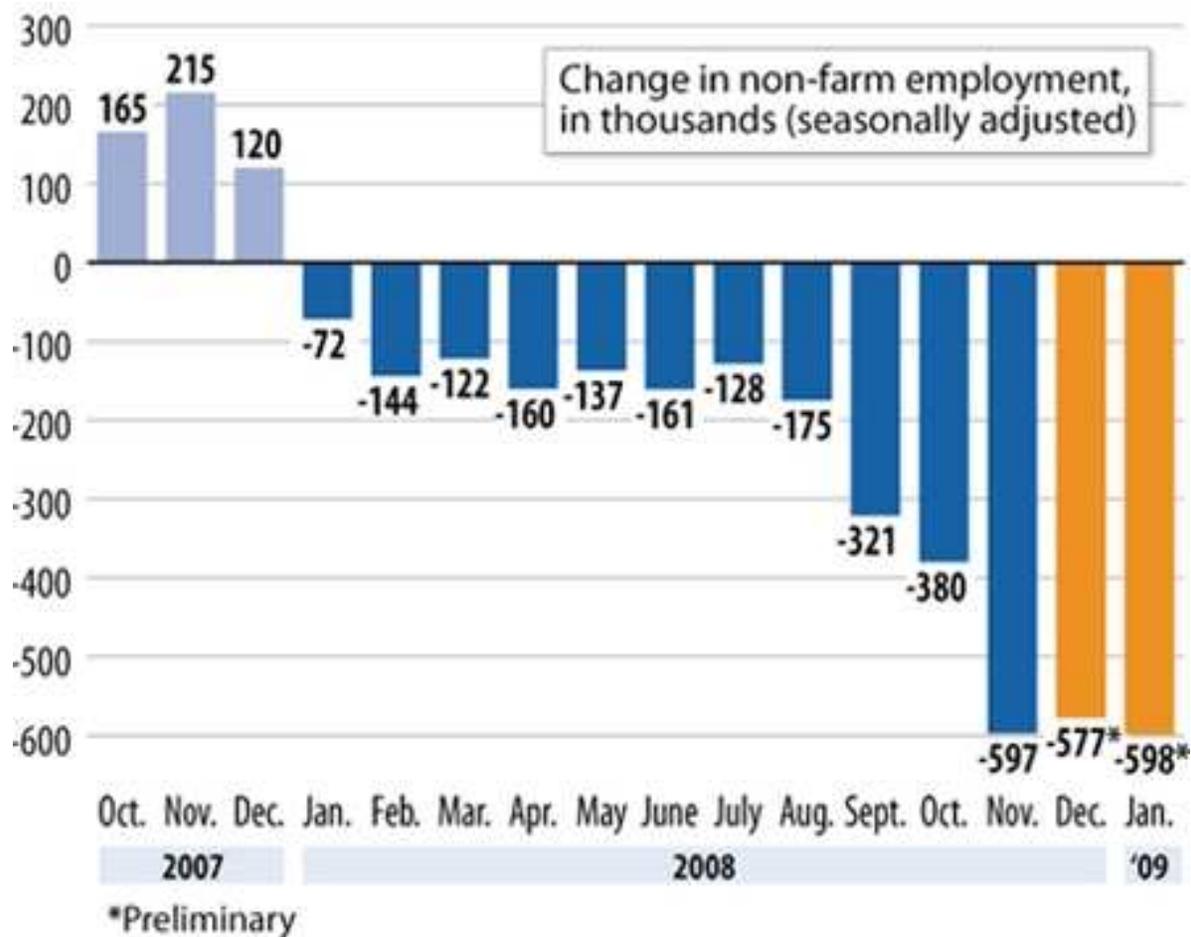


U.S. Economic Indicators

- **JOB LOSSES:** 598,000 in January. Total job loss since the recession began in December 2007 has climbed to 3.6 million, the largest 13-month job loss on record.
- **UNEMPLOYMENT & PART-TIME WORK:** 7.6% in January, the highest level in 16 years. The number of Americans looking for work climbed to 11.6 million in January – the highest number in 26 years.
- **ECONOMY IN RECESSION:** The Gross Domestic Product fell 3.8% in the final quarter of 2008. Business investment dropped at a 19% pace, the most since 1975.
- **CONSUMER SPENDING & CONFIDENCE:** Consumer spending fell in December for a record 6th consecutive month. Consumer confidence slid to another all-time low in January.

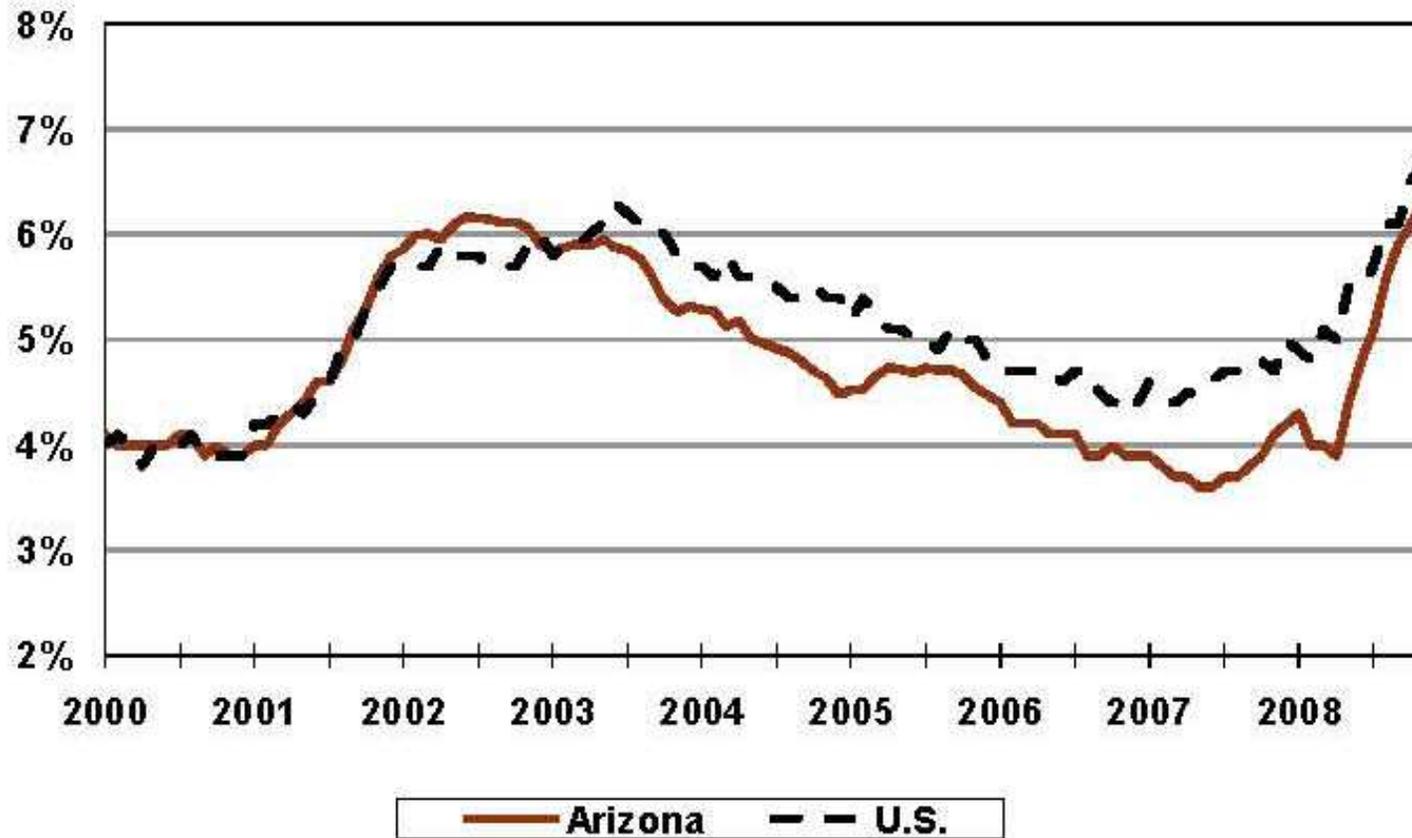


The Economic Downturn – Job Loss Continues

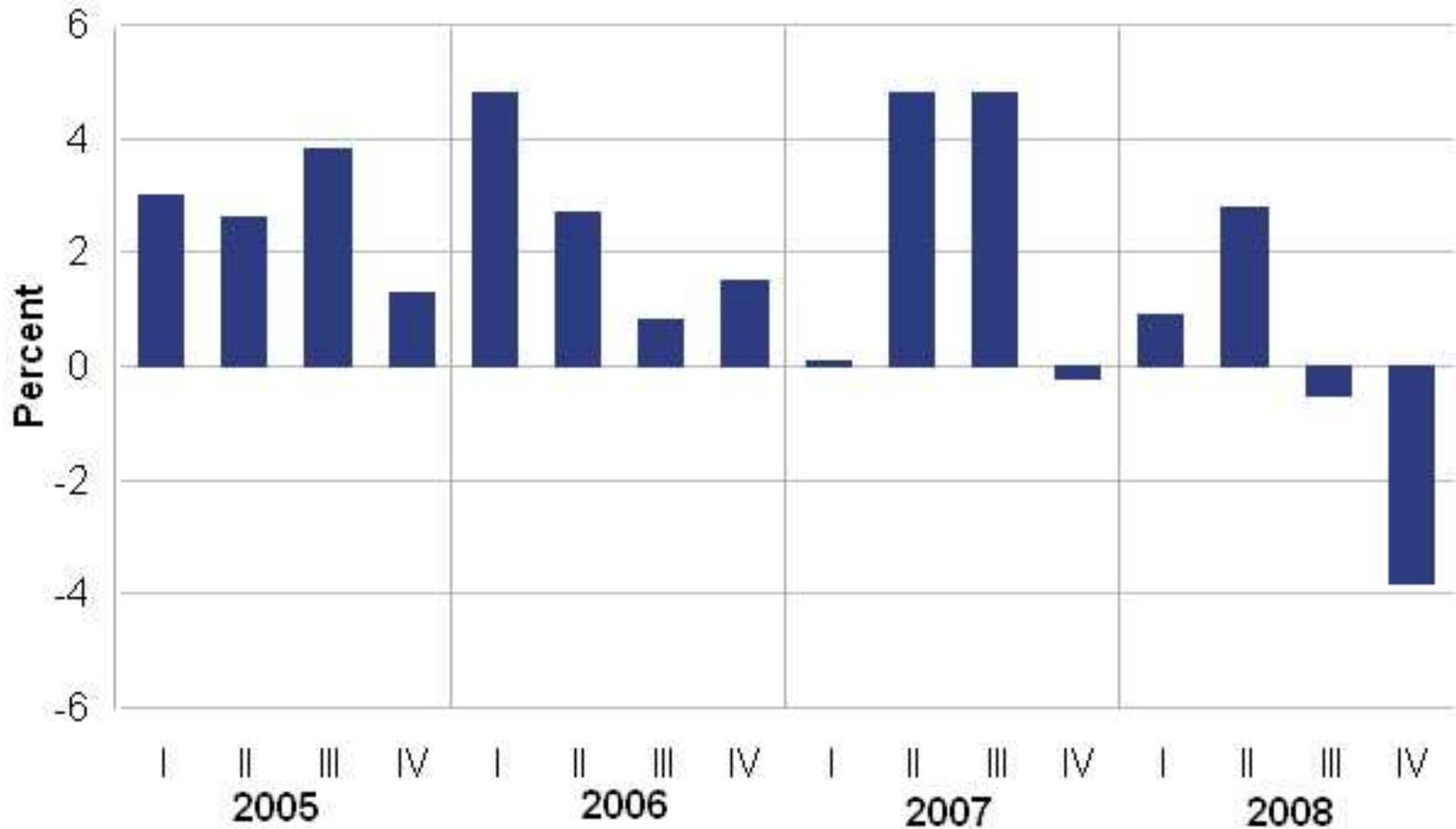


Source: Bureau of Labor Statistics

Arizona & US Seasonally Adjusted Unemployment Rates, Jan. 2000- Nov. 2008



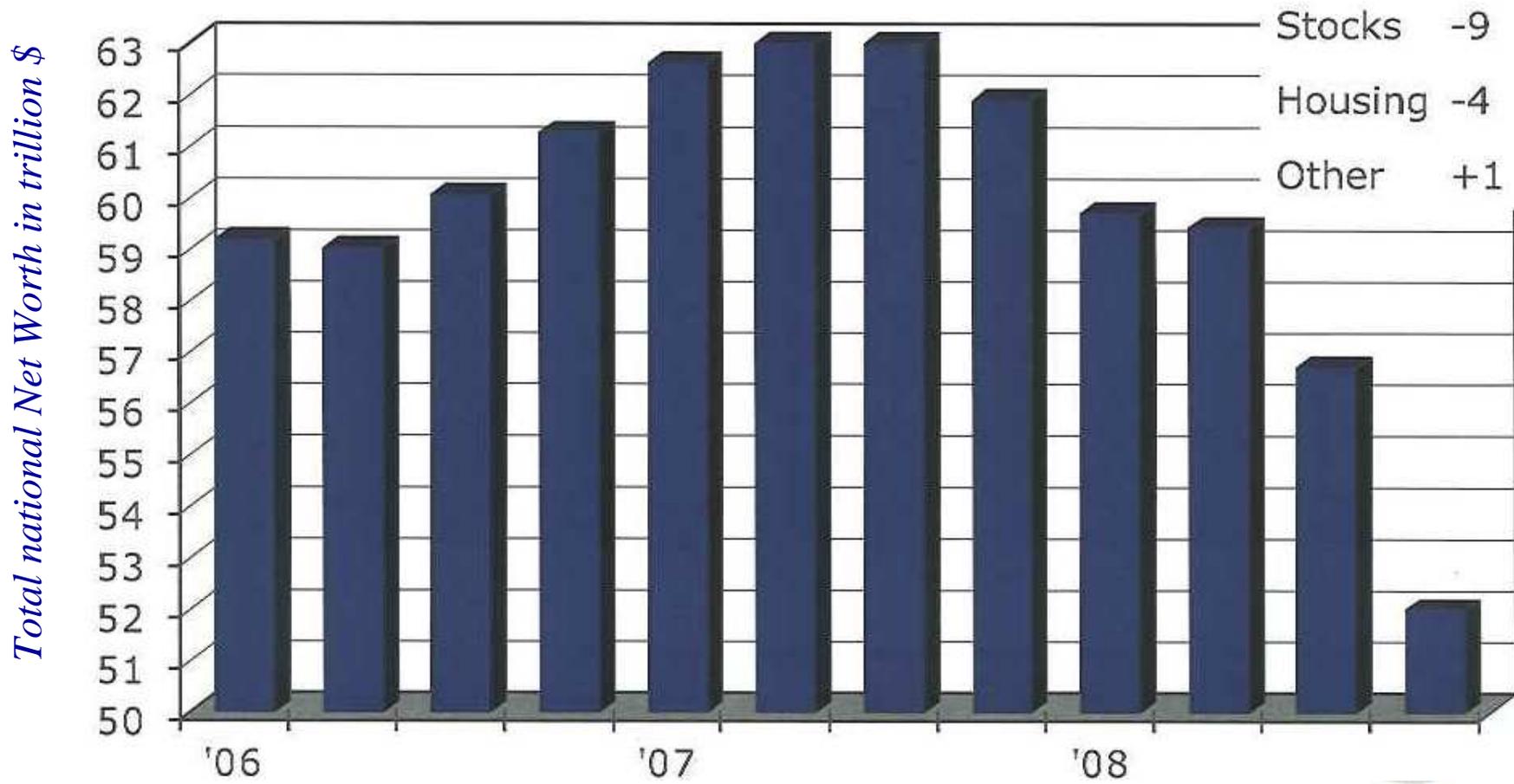
Quarterly Real GDP in Decline



Real GDP growth is measured at seasonally adjusted annual rates.

Source: U.S. Bureau of Economic Analysts

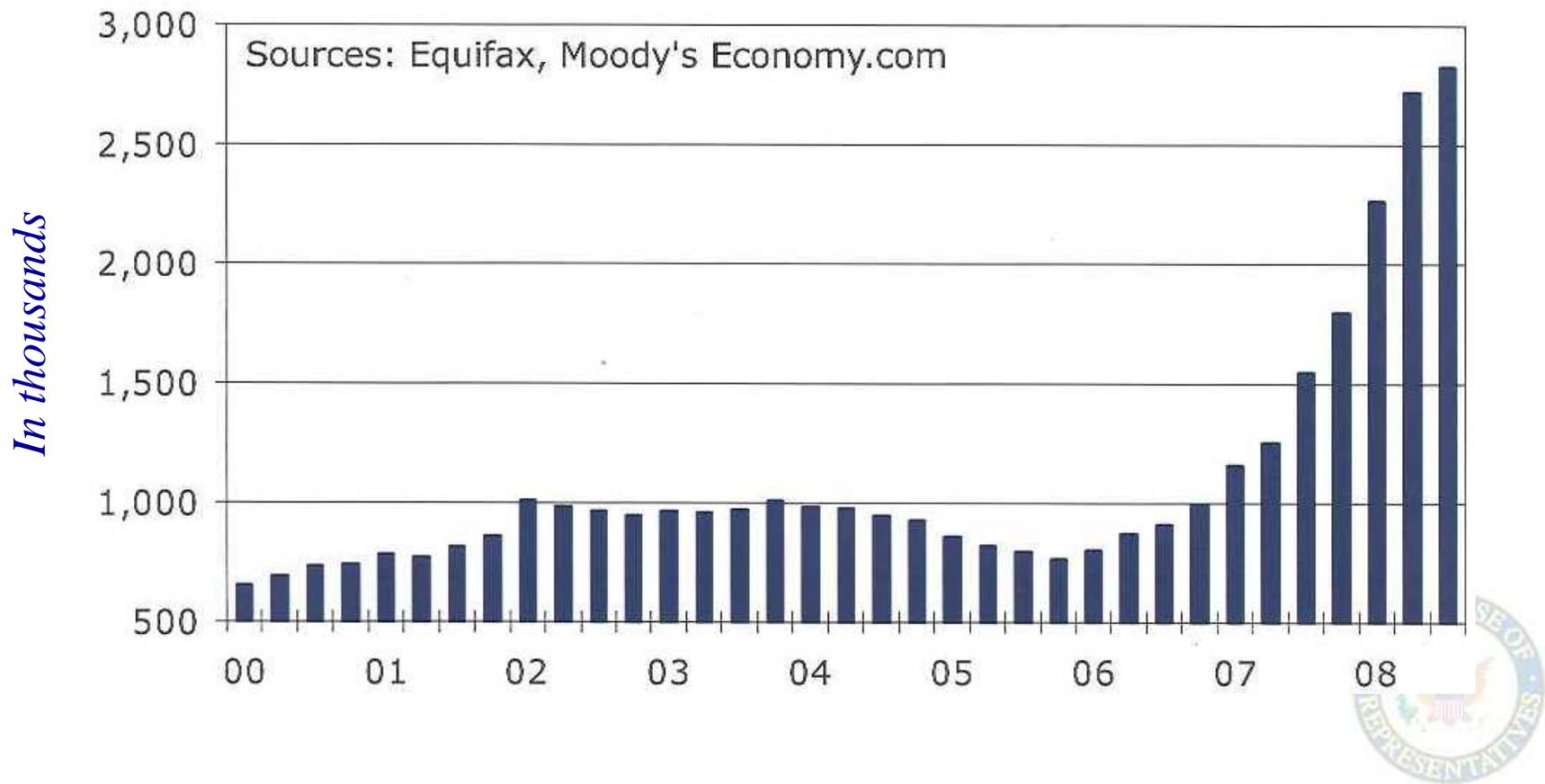
National Household Net Worth is on a Steep Decline



Source: Federal Reserve

Foreclosures continue to rise nationally

First mortgage loan defaults



Arizona – Economic Indicators

Arizona ranks third in the nation for foreclosures—after Nevada and Florida.

- 1 in every 198 homes in Arizona received a foreclosure notice in November 2008. In 2008, there were 8,961 foreclosures in Pima County.



Since the beginning of 2008, Arizona lost 65,700 jobs - an average of 6,600 jobs per month.

The unemployment rate in Arizona now stands at 6.1 percent, up 4.2 percent in 2008.



Education: How Arizona Measures Up

- **Class Size** - In 2000, the state's average elementary class size was 24.5 students, while the U.S. average was 21.2.
- **Advanced Placement** - In 2003, Arizona ranked 35th in the number of advanced placement test takers and 32nd in test scores.
- **Teacher Backgrounds** - In 2000, Arizona placed 32nd among 37 rated states on the percentage of teachers with a major in the field being taught (47.4%).

	4 th Grade Math - AZ	4 th Grade Math - US	8 th Grade Math - AZ	8 th Grade Math - US
Below Proficient	30%	24%	39%	33%
Basic	45%	45%	41%	39%
Proficient	23%	23%	18%	22%
Advanced	2%	2%	3%	5%

American Recovery & Reinvestment Act

– Impact for ARIZONA

- Creating or saving 70,000 jobs over the next 2 years – 8,100 in District 8;
- Tax cut of up to \$800 for 2,080,000 workers and their families;
- Making 75,000 families eligible for a new \$2,500 college tax credit;
- Expanding unemployment insurance to 204,000 jobless workers; and
- Providing funding sufficient to modernize at least 193 schools in Arizona.



American Recovery & Reinvestment Act

– Impact for ARIZONA

- Education = \$1,262,861,497
- Medicaid = \$1,980,000,000
- Transportation = \$622,520,349
- Energy & Weatherization = \$12,169,447
- Justice programs = \$46,850,617



American Recovery & Reinvestment Act

the need for bold & effective action

Dr. Paul Krugman, Nobel Prize winning economist, New York Times:

“It’s hard to exaggerate how much economic trouble we’re in.”

Dr. Mark Zandi, Chief Economist and Cofounder, Moody’s Economy.com:

“The House stimulus plan will not reverse the current downturn, but it will provide a vital boost to the flagging economy. With the stimulus, there will be 3 million more jobs and the jobless rate will be more than 1.5 percentage points lower by the end of 2010 than without any fiscal stimulus. Without a stimulus, unemployment will rise well into the double digits by this time next year, and the economy will not return to full employment until 2014.”

U.S. Chamber of Commerce:

“The Chamber believes that the tax relief and spending provided in the bill will help to provide stimulus and to get Americans back to work.”

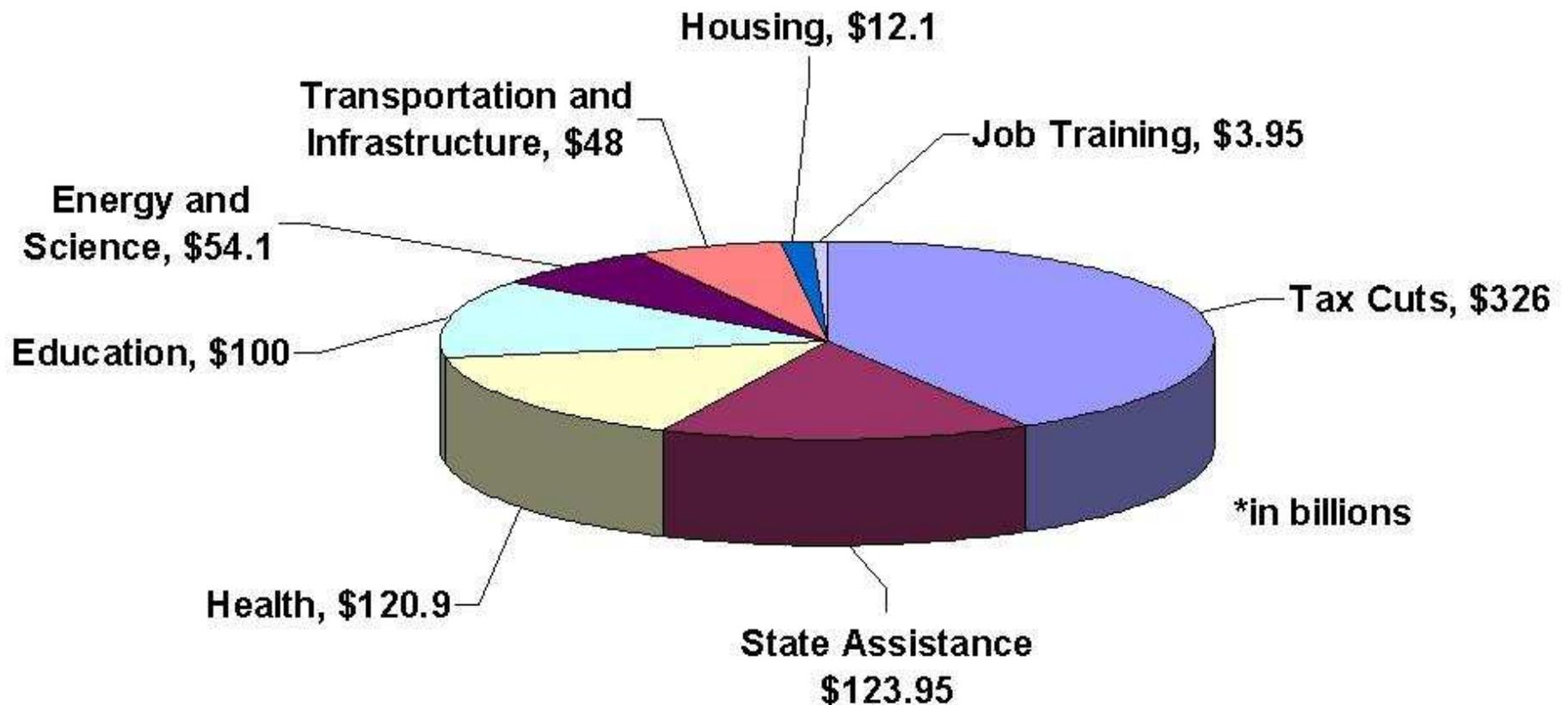


How Much is \$789 Billion?

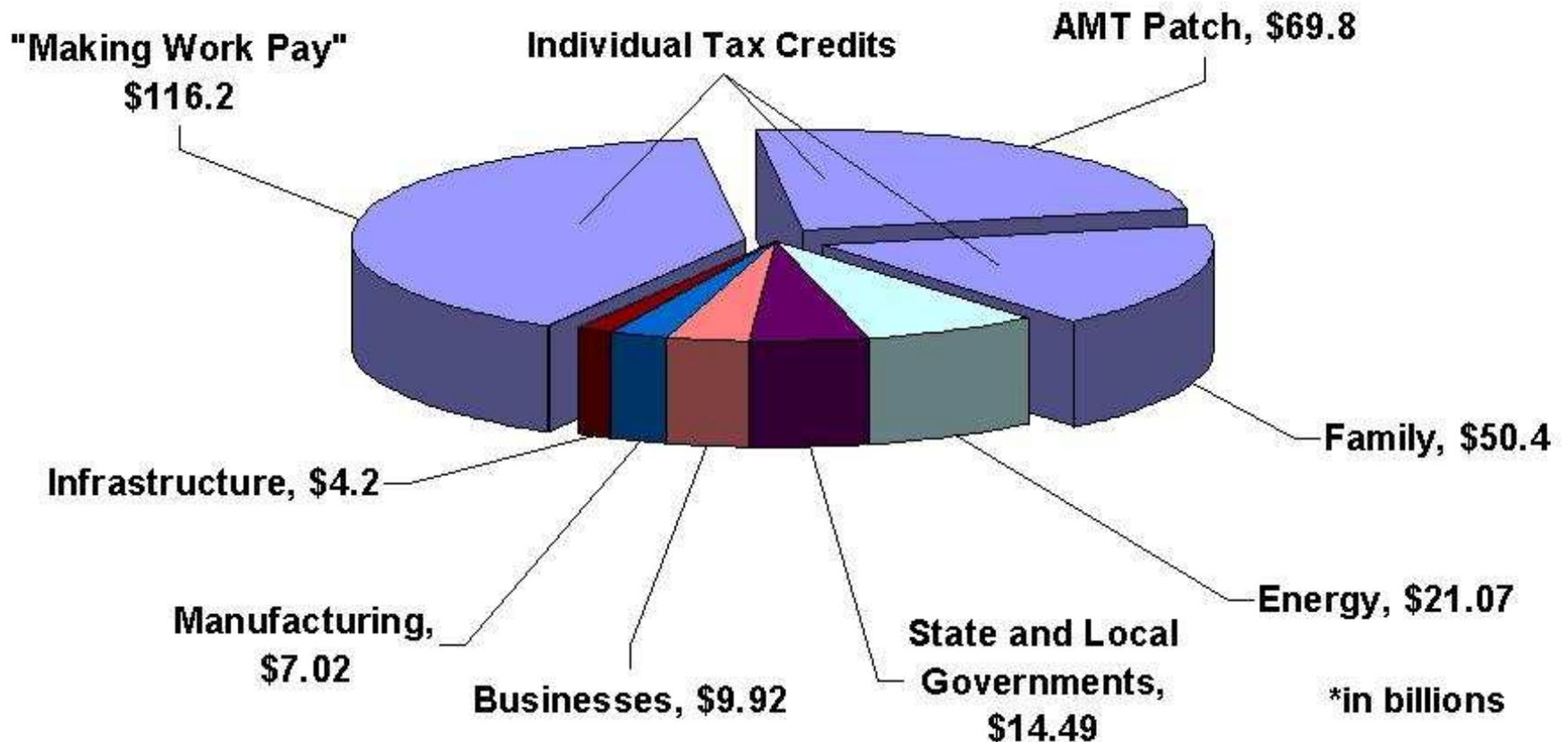
- 5.5% of the \$14.3 trillion U.S. economy (GDP)
- 27% of the \$2.979 trillion in total fiscal year 2008 federal government spending
- 39% of the \$2 trillion spent so far stabilizing the financial sector (9% of commitments, \$8.8 trillion)
- 1.3 times the cost of the Iraq war, approximately \$595 billion
- Comparison with Roosevelt's New Deals
 - 1st New Deal = 5.9% GDP, \$3.3 billion (1933)
 - 2nd New Deal = 6.7% GDP, \$4.8 billion (1935)



American Recovery & Reinvestment Act – Breakdown of Funding



Tax Provisions – \$326 Billion over 10 years



Education:

FY 2009 Arizona State Budget Cuts

K-12 schools - \$139 million:

- ❑ \$12.6 million reduction in Basic State Aid:
- ❑ \$2 million elimination of a math and science initiative
- ❑ \$4 million reduction to charter schools

University - \$225 million:

- ❑ ASU, 770 positions cut
- ❑ UA, 600 positions cut
- ❑ NAU, 750 positions cut



Education – Economic Recovery:

Investing for the 21st Century

- **Preventing Teacher Layoffs and Cuts in Education**
 - **State Fiscal Stabilization Fund, \$803 million in AZ (FY09 & FY10).**

- **Making College More Affordable**
 - **Increases the higher education tax credit to a maximum of \$2,500; and**
 - **Expands Pell grants and the college work-study program.**

- **Investing in Early Childhood Development**
 - **Early Head Start and Head Start; and**
 - **Child Care Development Block Grant to provide child care services to children in low-income families.**



Education – Funding for Arizona

State Fiscal Stabilization Fund - to help state and local governments fund school modernization and to prevent cutbacks and layoffs	\$803,532,234
Title I - grants for programs serving disadvantaged children	\$187,300,000
Educational Technology State Grants - to improve student achievement through the use of technology in elementary and secondary schools	\$11,900,000
School Improvement Grants - to finance the construction, rehabilitation or repair of a public school facility	\$56,400,000
IDEA – grants for programs serving special education	\$182,900,000
Pell Grants - post-secondary federal grant program based on financial need	\$576,500,000
Child Care & Development Block Grant - provide child care services to low-income families while their parents go to work	\$50,100,000
Head Start - comprehensive education, health and nutrition to low-income children and their families.	\$29,700,000



Social Services:

FY 2009 Arizona State Budget Cuts

Department of Economic Security:

- ❑ Aging & Adult Services - \$2.8 million
- ❑ Benefits & Medical Eligibility - \$29 million
- ❑ Children, Youth & Families - \$41 million
- ❑ Community Services - \$2.5 million
- ❑ Employment & Rehabilitation Services - \$44 million
- ❑ Developmental Disabilities - \$43 million
- ❑ **Total all funds: \$172,666,000**



Source: Arizona DES

Health Care/Social Services in the American Recovery & Reinvestment Act

Protect Health Care Coverage through Medicaid

- ❑ \$87 billion in State Medicaid Fiscal Relief will help states avoid cutting eligibility for Medicaid and scaling back the health care services covered.

Provide Health Insurance for Unemployed Workers

- ❑ Provides unemployed workers 65% subsidy for COBRA premiums for up to 9 months, and
- ❑ Allows states to offer coverage to unemployed workers through Medicaid.

Modernize Health Care System to Lower Costs and Save Lives

- ❑ Health Information Technology (HIT): streamline the use of electronic health records, strengthen patient privacy, create jobs and control health care costs (\$19 billion).



Health Care/Social Services: Funding for Arizona

Medicaid (FMAP)	\$1,980,000,000
Unemployment Beneficiaries	204,227 Arizonans
Seniors Meals Program	\$2,639,904
Increase in Food Stamps	\$381,000,000
Homelessness Prevention Fund	\$22,194,994
Supplemental Nutrition Assistance Program (SNAP)	\$448,781,879
Emergency Food & Shelter Program	\$1,791,797
Job Training	\$44,175,774

Housing Assistance

- **Neighborhood Stabilization Program: \$2 billion** for local governments and state to purchase and rehabilitate vacant housing.
- **Public Housing Capital Fund: \$4 billion** to rehabilitate units to improve energy efficiency, increase affordable housing projects, and address senior citizens' needs.
- **HOME Program: \$2.3 billion** block grants to state and local governments to create affordable housing for low-income households.



Getting Funding for Arizona

Federal agencies will allocate these funds in five primary ways:

- 1. *Formulas.*** Certain funds in the Act are allocated by a formula – usually set in law -- to States and localities. Examples include:
 - Medicaid (Federal Medicaid Assistance Percentage payments)
 - State Fiscal Stabilization Fund
 - Highway Infrastructure Investment
- 2. *Competitive Solicitations – www.grants.gov.*** In the coming weeks, agencies will distribute requests for proposals and convene panels to evaluate applications. Examples of agencies and programs that have or will hold such competitions include:
 - National Institutes of Health
 - National Science Foundation
 - Broadband program



Administration of the Stimulus

3. ***By Demand.*** Some programs respond directly to demand from eligible individuals, including:
 - Premium Subsidies for COBRA Continuation Coverage
 - Unemployment Insurance
 - Education Pell Grants
 - Food Stamps
 - Small Business Loans

4. ***By One-Time Automatic Disbursement.*** The Recovery act includes some one time benefits, such as payments of \$250 to Social Security, Veterans and Supplemental Security Income beneficiaries.

5. ***By Agency Plan.*** Many programs in the Act allocate funding according to public operating and spending plans. These programs include:
 - Environmental cleanup of nuclear waste sites
 - National Parks construction
 - Defense and Veterans infrastructure programs



Getting funding for Arizona

Education

- Programs administered through the State will be directed to AZ Department of Education and the State of Arizona School Facilities Board (SFB).
- Programs authorized by the Elementary and Secondary Education Act (ESEA), the Individuals with Disabilities Education Act (IDEA) and the Higher Education Act (HEA) will be administered through the U.S. Department of Education.

Health and Social Services

- Arizona Health Care Cost Containment System (AHCCS) will administer funds for Medicaid
- Arizona Department of Economic Security (DES) will oversee funding for food stamps, elderly nutrition services and unemployment benefits



Transparency & Oversight

The *American Recovery and Reinvestment Act* contains numerous transparency and accountability provisions to ensure that the expenditure of taxpayer dollars can be closely monitored.

- www.recovery.gov will be a dedicated site for citizens to track every penny and hold federal, state, and local officials accountable for performance;
- Quarterly Presidential reports on the results for the American economy;
- Requirement that states use the money for its intended purpose;
- Publishing an online, public notification of contracts and grants awarded, and a description of the investment funded, the purpose, and the total cost;
- A review of recovery funding by the nonpartisan Government Accountability Office; and
- No earmarks



Summary

Arizonans need to maximize our opportunities by working collaboratively and across party lines at the local, state, and federal level.

Check my website www.giffords.house.gov and click on the “Economic Recovery” page for up-to-date information on the American Recovery & Reinvestment Act

